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January 5, 2018

Department of Transportation  
Jack Dokken  
Program Manager  
Air, Rail and Transit

Greetings;

South Dakota Pulse Processors, LLC is a small company owned by 86 South Dakota investors. This company was formed in 2011 with the sole purpose to develop a processing business that would buy, process and sell pulse crops grown by farmers in central South Dakota.

As you are all aware, South Dakota Pulse Processors, LLC. constructed a processing plant next to the rail near Harrold, SD to process and ship locally grown pulse crops. That construction included a 1235 foot rail siding to access the RCP&E railroad. The siding was financed with a loan from the Department of Transportation through the Hughes County Regional Railroad Authority.

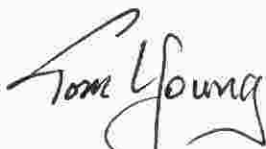
As of January 5, 2017, the balance of that loan was \$676,249.23. South Dakota Pulse Processors, LLC made a payment on that loan on January 19, 2017 to pay the interest of \$14,395.62 and principal of \$43,604.38 due at that time. The remaining principal balance of the loan as of today is \$632,644.85.

The business plan of South Dakota Pulse Processors, LLC called for construction of facilities to be complete and operations to begin in late July, 2016. Due to a number of problems related to construction of the plant equipment, processing did not begin until late February, 2017. The plant ran for only a short time before it was forced to shut down and replace electrical motors, wiring and related electrical equipment. This equipment was supplied by the Turkish contractor and upon inspection was found to be out of compliance with South Dakota Electrical code. The contractor supplied replacement equipment and SDPP personnel and a local electrical contractor installed them over the course of six months. The end result is that the working capital of South Dakota Pulse Processors, LLC has been exhausted and we find it impossible to make payments on any of our loans at this time.

The board of South Dakota Pulse Processors, LLC has requested and received forbearance from collection of current payments of loans due to the two primary creditors of the business. This forbearance was granted to give us time as we seek more investment to provide the needed working capital. We are in the middle of that process now and need more time to complete and get our business back up and running.

South Dakota Pulse Processors, LLC is hereby asking you to grant us forbearance on the loan owed to you. We request that you grant a one year extension of the loan to make the final payment due February 1, 2024. We would agree to continue to recognize the full balance of the loan and to make a full interest and principal payment on February 1, 2019 and each February 1 thereafter until the final payment is due February 1, 2024.

Thank you,

A handwritten signature in black ink that reads "Tom Young". The signature is stylized with a large, sweeping "Y" and a cursive "T".

Tom Young  
President

## HUGHES COUNTY REGIONAL RAILROAD AUTHORITY RESOLUTION NO. 2018-01

### APPROVAL TO AMEND THE SD PULSE PROCESSORS LOAN AGREEMENT IN RELATION TO RAIL PROJECT NEAR HARROLD, SOUTH DAKOTA

WHEREAS, the SD Pulse Processors, LLC has received a loan for up to \$696,000 to develop a new rail siding to serve a facility it is developing near Harrold, South Dakota;

WHEREAS, SD Pulse Processors, LLC has experienced unforeseen expenses which have reduced their operating capital;

NOW, THEREFORE, BE IT RESOLVED, the Hughes County Regional Railroad Authority (HCRRA) shall support the request by the SD Pulse Processors to receive forbearance on their loan and grant a one year extension and make the final payment due February 1, 2024.

Passed, approved and adopted this 9th day of January, 2018.

Voting on Motion: Yea (3 )  
Nay (0 )

  
Roger Inman, Chairman  
Hughes County Regional Rail Authority

ATTEST:   
Marty Winckler, Vice President